

COMMITTEE ON FOREIGN INTELLIGENCE

Washington, D.C. 20505

CFI-M-3
13 March 1976

MEMORANDUM FOR THE COMMITTEE ON FOREIGN INTELLIGENCE

SUBJECT: Draft Minutes of the 11 March 1976 Meeting
of the Committee on Foreign Intelligence

1. The Committee (CFI) met at 1500 hours on 11 March 1976 at East Building. Director Bush was in the chair; Deputy Secretary of Defense Ellsworth and Deputy Assistant to the President for National Security Affairs Hyland, the other members of the CFI attended. Also in attendance were Thomas Latimer of OSD, Richard Ober of the NSC Staff, E. H. Knoche of the Intelligence Community Staff (ICS) and Richard Lehman, an Assistant to the Director.
2. The minutes of the 25 February 1976 meeting were approved. Mr. Knoche noted that the action item in the 25 February minutes involving an ICS paper delineating CFI, DCI and USIB-type concerns and responsibilities remains in process. It was also noted and agreed that it no longer appeared necessary to issue a CFI memorandum or directive extending USIB temporarily. Such extension was directed by Mr. Bush at a February USIB meeting; the action is reflected in official USIB minutes; and USIB meetings have continued to date without confusion.
3. The Chairman followed the outline of agenda papers concerning his talks on the Hill with various Senators concerning Senate Budget Committee requests for budgetary information. Mr. Bush's basic approach has been to hold back on providing such detail pending Congressional resolution of how to arrange eventual oversight of the Intelligence Community. There was CFI agreement on this position. The Chairman said he had raised the subject with the President who said he would discuss the subject with the Congressional leadership.
4. With regard to the Chairman's report of his 4 March meeting with OMB Director Lynn, there was a discussion of reprogramming rules. The sense was that rules may not be necessary and the Staff was directed to clarify this with OMB.

Classified by

Exempt from automatic

declassification schedule of E.O. 11652

Automatically declassified on

Date Impossible to Determine

5. Mr. Latimer spoke to his concern about the level of detail contained in a "Top Secret SENSITIVE" classified budget annex prepared by OMB and intended for Congressional Oversight Committees' use in demonstrating awareness of Community-wide budgets. Mr. Latimer felt the annex contained more detail than necessary and that substantial risk is involved in its widespread display. The Chairman directed that the Staff go back to OMB and point out that not all of the detail may be required. It was also suggested that the classification be no higher than SECRET.

6. There was a brief discussion concerning an OMB allowance letter sent to Mr. Bush under date of 8 March. Staff was instructed to circulate copies of the letter. Mr. Ellsworth suggested that the letter not be answered.

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7. [REDACTED] of the IC Staff briefed on tentative plans for the reorganization of the ICS to meet functional responsibilities in support of the CFI, of the DCI, and of a USIB successor. Mr. Ellsworth said he had a problem with all this in that the plans were based on an assumption that the Director has three hats whereas Mr. Ellsworth's reading of Executive Order 11905 is that all of the Director's responsibilities derive from two roles: the executive head of CIA and the Chairman of the CFI. The CFI, Mr. Ellsworth noted, is assigned the responsibility for setting "policy priorities for the collection and production of national intelligence," and the Director's responsibilities amount to implementation of this CFI responsibility. What, asked Mr. Ellsworth, will the CFI do to meet this charge, the meaning of which seems to have been left fuzzy. The Director said the CFI would issue guidance and establish priorities but would not get into day-to-day management of the intelligence production process. He said the DCI would task the Community for this purpose, acting in accordance with CFI guidance. The Director referred to the various responsibilities assigned to the DCI by the Executive Order, pointing out that many were, in his view, quite separate from CFI responsibilities. He said that the two-hat interpretation of Mr. Ellsworth would cause the DCI to carry out his tasks either through CIA or through CFI; that a USIB successor organization with advisory responsibilities would have to be folded under the CIA and this would seem clearly to conflict with the intent of the Executive Order. Mr. Hyland said the President expects the CFI to get hold of resource issues and controls and that the question of production of intelligence is the DCI's problem. Mr. Hyland saw that the ICS plans were based on

trying to relate combined staff support to several tasks rather than to have separate staffs for each task. Mr. Ellsworth noted that most observers conclude there is a problem with the quality of the national intelligence product and that the three CFI members have a heavy responsibility in the fields of collection and production. Mr. Hyland said it is clear the CFI will have to evaluate these functions, but there is a need to get organized and on with the job. Mr. Bush said further clarification of the Executive Order is expected soon in the form of annotations. The discussion concluded with the understanding that ICS reorganization plans had general approval for the purpose of getting on with staffing and manning. Mr. Bush, noting Mr. Ellsworth's comments about the need to deal with inadequacies and mixed quality of national intelligence, agreed that the CFI will have to take looks at what needs improvement but he said there are some responsibilities he has that are separate from the CFI and require execution by the DCI. Mr. Ellsworth responded that he had problems with this view but in the interests of proceeding he would go along, with the record to show his reservations. It was further agreed the ICS organization should clearly indicate a CFI focal point in each of the major components of the Staff.

8. The CFI was briefed on the status of current planning for the relocation of the ICS, one option being a building located in the city near the Executive Office Building. It was pointed out that three to four months of preparation may be required after acquisition of new space. The CFI agreed on the desirability of obtaining the downtown building described and the Chairman said efforts would be made to obtain it.

9. A proposed charter covering NRO/NRP was discussed briefly. Mr. Ellsworth questioned a passage in the draft calling for scheduled NRP launches to be submitted to the Operations Advisory Group for approval. He also asked that the charter include a reference to the fact that the NRP will come under control of the Secretary of Defense in time of war. Mr. Knoche said that the ICS, with suggestions from CIA and the Chairman of USIB's COMIREX Committee, had a number of revisions to propose. It was agreed that the alternative draft would be coordinated with the NRO Staff and a new version tabled at a subsequent meeting of the CFI. It was agreed that the charter might be issued as a CFI directive (CFID).

10. Proposed revisions to three NSCID's, drafted by a CFI working group, were deferred to the CFI's next meeting at the request of Mr. Hyland. CFI members agreed to press ahead with NSCID revisions as directed by terms of Executive Order 11905. Mr. Hyland asked the ICS to consider carefully the question of classification of revised NSCID's.

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11. CFI members briefly discussed ways to improve oversight and production of intelligence judgments concerning the size of Soviet military expenditures as covered in a recent exchange of correspondence between Mr. Ellsworth and Mr. Bush. It was agreed that the subject is not one of direct CFI concern, but Mr. Bush directed Mr. Lehman to arrange for broadening of a CIA panel of outside consultants to include DoD nominees, for re-designating the panel as a joint CIA-DoD panel and for extending its charter in order that it can suggest new methodologies to be employed in making intelligence judgments in this field. Mr. Hyland suggested that the panel should "start at Square One," see what needs to be done to improve collection and analysis, and make a deep study re-examining methodologies, after which a report can be made to the CFI. There was a brief discussion of a DoD desire to assess the "policy implications" of intelligence estimates of Soviet defense expenditures. Mr. Lehman said CIA felt this was not an intelligence matter, that it fit more properly within policy-makers' concerns. Mr. Hyland said he thought this would be a worthy task that might be covered by the NSSM process.

25X1 12. The meeting concluded at 1700 after a foreshortened discussion of Item Three on the agenda: a proposed definition of the NFIP, options covering the process to be employed in CFI resource management and reprogramming guidelines. (The item will carry over to the next meeting.) [redacted] of the ICS spoke briefly on a proposed definition of the NFIP, citing the GDIP as a possible area for contention in choosing among GDIP activities to be included or excluded and noting that small-dollar items of national concern exist in Treasury and ERDA programs also. Mr. Ellsworth said all of the GDIP, and the appropriate Treasury and ERDA activities should be included. He said the question is one of how much detail the CFI need get into. He indicated that the CFI should seek minimum impact on the management activities of program managers.

[redacted]
E. H. Knoche

Attachment:
Summary of Actions

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SECRET

Summary of Actions

- a. IC Staff to clarify with OMB re the necessity for reprogramming rules.
- b. IC Staff to confer with OMB about level of detail in classified budget annex. Classification should be kept to Secret level if possible.
- c. IC Staff to circulate copies of OMB allowance letter.
- d. IC Staff should continue to develop reorganization plans and developing proposals for staffing and manning.
- e. IC Staff to coordinate alternative draft NRO/NRP charter with NRO Staff. New version to be tabled at subsequent CFI meeting. Charter to be issued as CFI directive.

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13 March 1976
Limited Distribution

Minutes of Third Meeting
Committee on Foreign Intelligence
East Building, at 1500 hours, 11 March 1976

Director of Central Intelligence
Mr. George Bush
Presiding

Revised

MEMBERS PRESENT

Mr. Robert F. Ellsworth, Deputy Secretary of Defense

Mr. William G. Hyland, Deputy Assistant to the President for National
Security Affairs

ALSO PRESENT

Mr. Thomas Latimer, Principal Deputy Assistant Secretary of Defense
(Intelligence)

Mr. Richard Ober, Director for Intelligence Coordination, National
Security Council Staff

Mr. E. H. Knoche, Acting Deputy to the DCI for the Intelligence Community

Mr. Richard Lehman, Assistant to the Director of Central Intelligence

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Exempt from declassification schedule exemption category 2 Date Impossible to Determine
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2. The Chairman followed the outline of agenda papers concerning his talks on the Hill with various Senators concerning Senate Budget Committee requests for budgetary information. Mr. Bush's basic approach has been to hold back on providing such detail pending Congressional resolution of how to arrange eventual oversight of the Intelligence Community. There was CFI agreement on this position.

3. There was a discussion of reprogramming rules in connection with the Chairman's report of his 4 March meeting with OMB Director Lynn.

4. There was a discussion of Mr. Latimer's concern about the level of detail contained in a "Top Secret SENSITIVE" classified budget annex prepared by OMB and intended for Congressional Oversight Committees' use in demonstrating awareness of Community-wide budgets. There was also brief discussion concerning an OMB allowance letter sent to Mr. Bush under date of 8 March.

5. [redacted] of the IC Staff briefed on tentative plans for the reorganization of the ICS to meet functional responsibilities in support of the CFI, of the DCI, and of a USIB successor. Mr. Ellsworth said the plans were based on an assumption that the Director has three hats whereas Mr. Ellsworth's reading of Executive Order 11905 is that all of the Director's responsibilities derive from two roles: the executive head of CIA and the Chairman of the CFI. The CFI, Mr. Ellsworth noted, is assigned the responsibility for setting "policy priorities for the collection and production of national intelligence," and the Director's responsibilities amount to implementation of this CFI responsibility.

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Exempt from general
exemption category 3B(1)(2),(3)
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6. The CFI was briefed on the status of current planning for the relocation of the ICS and agreed on the desirability of obtaining the downtown building described. The Chairman said efforts would be made to obtain it.

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10. The meeting concluded after a short discussion of Item Three, (a proposed definition of the NFIP, options covering the process to be employed in CFI resource management and reprogramming guidelines) which will be considered at the next meeting.

E. H. Knoche

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Attachment:

Summary of Actions

Adjournment: 1700 hours

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SUMMARY OF ACTIONS

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- (b) IC Staff to confer with OMB about level of detail in classified budget annex. Classification should be kept to SECRET level if possible.
- (c) IC Staff to circulate copies of OMB allowance letter.
- (d) IC Staff should continue to develop reorganization plans and developing proposals for staffing and manning.
- (e) IC Staff to coordinate alternative draft NRO/NRO charter with NRO Staff. New version to be tabled at subsequent CFI meeting. Charter to be issued as CFI directive.